

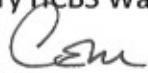
Brent D. Sherard, M.D., M.P.H., Director and State Health Officer

Governor Dave Freudenthal

## MEMORANDUM

**DATE:** July 7, 2008

**TO:** Adult and Acquired Brain Injury HCBS Waiver Habilitation Organization Administrators

**FROM:** Cliff Mikesell, Administrator   
Developmental Disabilities Division

**SUBJECT:** Clarification on requests due to the new rate structure

**REF:** 08-158-CM

Recently, the waiver case managers were sent the Individualized Budget Amounts (IBAs) and revised plan of care costs for the Home and Community Based Waiver participants, whose annual individual plan of care (IPC) dates fall between September 2008 and June 2009. The revised plan of care costs are based on the new rates applied to the previous plan of care units. Providers have previously received the IBAs for participants whose annual IPC dates fall between July 1<sup>st</sup> and August 31<sup>st</sup>. However, the IBA information sent out for July and August plans did not include revised plan of care costs, so this information has been included in this spreadsheet.

The new rates challenge the providers and the Division alike. As providers are working through the new system to figure out budgets and cover expenses, the Division is challenged with making fair and equitable decisions on plans of care that providers are requesting as exceptions. We still need to work together and try to understand the perspectives of all involved.

In response to the new rate structure and the requests that the Division has received, please understand some important points about our waiver budgets and the Individualized Budgeted Amounts (IBAs):

- The additional funding appropriation to the Division for the new rates that are effective with July 1, 2008 plans of care forward is based on the change in rates only. It does not include funding for additional units for existing services or additional units for new services.
- Higher supervision level requests and requests for intervention services are expected for a small number of participants. Likewise, we would expect a small number of participants would require *less* supervision than the service score indicates.
- To date the Division has decided to retain the IBAs. The Division has determined, however, the IBAs are not in synch with the new rates. This is evidenced by the fact that approximately 63% of Adult DD Waiver IBAs increased from the previous plan year to accommodate the new rates. The other 37% of IBAs were kept at the same level but some of these are greater than the new rate structure supports. Full utilization of these IBAs are not sustainable under the current Division budget. The budget request to the legislature was calculated using historical plan units.

- As a reminder, Chapters 41, 42, & 43, Section 8 of Medicaid Waiver Rules state:

“If funding for covered services is, or is projected to be reduced below the level required to pay for all approved individualized budget amounts, or is eliminated, the Division shall have the discretion to modify participants’ individualized budget amounts in order to bring projected expenditures for covered services within the projected available funding.”

Therefore, it is the Division’s expectation that Adult DD and ABI plans of care will be submitted within the amount on the “Revised Plan Cost” column, rather than the IBA. This is the only way to assure that the Division will be able to fund individual plans of care for the next two years. These are some key guidelines for case managers to consider when submitting a plan of care:

- No additional units for existing services will be approved except for unusual or transitional reasons where a substantial change in the person’s health and safety has occurred.
- No additional services will be approved without reducing another service.
- Requests for increased supervision and/or intervention services will need to be justified based on historical data and supervision needs and legitimate health and safety concerns.
- The preapproval form shall be submitted within the revised plan of care cost. If additional funding is approved, a modification can occur.
- The Extraordinary Care Committee will only consider requests for significant health and safety concerns.

The Division will continue to evaluate the long term impact of the implementation of new rates. If necessary, we may make modifications to assure we stay within our budget.

C: Dr. Brent Sherard, M.D., M.P.H., Director and State Health Officer